

### **REMARKS**

This communication responds to the *Office Action* mailed on May 28, 2009. Applicants have amended claims 1, 8, 26, 29, 34, 35, 41, 59, and 66. Claims 21-25, 32, 33, 54-58, and 79-83 were previously canceled and no additional claims are canceled. No claims are added. Consequently, claims 1, 2, 8, 26, 27, 29, 34, 35, 41, 59, 60, and 66 remain pending in this application.

#### **Interview Summary**

Applicants thank Examiner Mark Fadok for the courtesy of a telephone interview with the undersigned attorney, Bradley W. Scheer on May 19, 2009. During the interview, Examiner Fadok stated that, as understood, Applicants' present invention provided for a process by which a buyer and seller may share reserve and proxy pricing that is normally secret in order to determine if the buyer or the seller was willing to move on their position to provide for a sale. Examiner Fadok pointed out that there is not an antecedent basis between the high proxy bid of the determining step and the proxy bid information of the "in response step." Further, Examiner Fadok stated that there is nothing being transformed in that there is only a result of information being published and that there is no indication of who will be receiving the information and with whom the information is exchanged.

Applicants appreciate the guidance the Examiner provided. In response, Applicants have amended each of the independent claims to illustrate more clearly those limitations that Applicants believe define their inventive subject matter.

#### **Response to Amendment**

On page 2 of the *Office Action*, the Examiner recognized that previously restricted independent claims 8, 29, 41, and 66 contain similar subject matter as independent claims 1, 26, 34, and 59 and has thereby entered the previously restricted claims back into prosecution. Applicants thank the Examiner for reentering these claims.

Double Patenting Rejection

On page 3 of the *Office Action*, the Examiner rejected claims 1-78 under a non-statutory double patenting rejection, specifically citing to Applicants' co-pending Application No. 10/749,614. Although Applicants do not admit that the claims are obvious in view of the co-pending Application No. 10/749,614, a Terminal Disclaimer in compliance with 37 C.F.R. § 1.321(b)(iv) is enclosed herewith to obviate this rejection.

Rejection of the Claims under 35 U.S.C. §101

On page 5 of the *Office Action*, the Examiner rejected claims 59 and 66 under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Specifically, the Examiner stated that a

[P]rocess must (1) be tied to another statutory class (such as an apparatus) or transform underlying subject mat[t]er (such as an article or materials) to a different state or thing. Since neither of these requirements is met by the claim the claim is rejected as being directed to non-statutory subject matter. (*Office Action* at 5.)

Applicants respectfully traverse the rejection with reference to claims 59 and 66, as amended.

The United States Court of Appeals for the Federal Circuit (CAFC) recently ruled that a “machine-or-transformation test” is the sole criterion for patent eligibility where a “claimed process is surely patent-eligible under § 101 if: (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing.” (*In re Bilski*, 545 F.3d 943, 954.) As amended, claim 59 recites, *inter alia*,

[D]etermining that a high proxy bid submitted by a seller ***for an item*** is less than a reserve price set by a seller ***for the item*** and, in response to the determining, ***automatically publishing, to at least the buyer or the seller, at least one of a proxy bid information, including the high proxy bid, and the reserve price***, the proxy bid information and the reserve price being associated with a listing for the item in an auction price-setting process. (Emphasis added.)

Claim 66, as amended, shares similar limitations with claim 59.

With regard to the second prong of the *Bilski* test, the *Bilski* court clarified how the transformation prong can be applied. The CAFC cited to the *Abele* court<sup>1</sup> approvingly when it stated,

We further note for clarity that ***the electronic transformation of the data itself into a visual depiction in Abele was sufficient; the claim was not required to involve any transformation of the underlying physical object that the data represented.*** We believe ***this is faithful to the concern the Supreme Court*** articulated as the basis for the machine-or-transformation test, namely the prevention of pre-emption of fundamental principles. (*Bilski* at 963. Emphasis added.)

In *Abele*, the Court of Customs and Patents Appeals held unpatentable a broad independent claim reciting a process of graphically displaying variances of data. The broad claim did not specify any particular type or nature of data, nor did it specify how or from where the data were obtained or what the data represented. However, the Court held one of *Abele*'s dependent claims patentable where it specified that "said data is X-ray attenuation data produced in a two dimensional field by a computed tomography scanner" because ***the data represented physical and tangible objects.*** (See *In re Bilski*, 545 F.3d 943, 962.) Claims 59 and 66 are analogous to the patentable dependent claim in *Abele* because, in response to the determination, the published at least one of the proxy bid information and the reserve price represent an underlying physical object, the item being auctioned. Since the Court of Appeals for the Federal Circuit in the *Bilski* decision held that *Abele*'s claim was patentable subject matter, claims 59 and 66 are also patent-eligible under the same type of reasoning.

Therefore, Applicants assert that claims 59 and 66 are each directed to statutory subject matter under at least the second prong of *Bilski*. Since Applicants have shown that claims 59 and 66 are patent-eligible, Applicants respectfully request the Examiner reconsider and remove the rejection under 35 U.S.C. §101 with reference to claims 59 and 66.

Also on page 5, the Examiner rejected claims 1, 2, 8, 26, 27, 29, 34, 35, 41, 59, 60, and 66<sup>2</sup> because the claims are allegedly directed solely to a mathematical algorithm where the

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<sup>1</sup> *In re Abele*, 684 F.2d 902 (CCPA 1982).

overall concept is merely an abstraction. Applicants respectfully traverse the rejection with reference to these claims, as amended.

For example, claim 1, as amended now recites, *inter alia*,

[A]n auction price-setting process executed from the memory by the processor to determine that a high proxy bid submitted by a buyer for an item is less than a reserve price set by a seller for the item and, in response, cause the ***processor to automatically publish, to at least the buyer or the seller, at least one of a proxy bid information, including the high proxy bid, and the reserve price, the proxy bid information and the reserve price being associated with a listing for the item*** during an auction price-setting process. (Emphasis added.)

Each of Applicants other independent claims, namely claims 8, 26, 29, 34, 41, 59, and 66, each share similar types of limitations with claim 1. Claim 1 defines a system that, based on a determination that a high proxy bid submitted by a buyer for an item is less than a reserve price set by a seller for an auction item, publishes to at least one of the buyer and the seller information related to the other's bid information. Thus, as amended, Applicants assert that each of the independent system, computer-readable storage, and method claims are not merely an abstraction but clearly define patent-eligible subject matter. Moreover, each of these claims meet the second prong of the *Bilski* test as stated above with reference to claims 59 and 66.

Therefore, Applicants assert that independent claims 1, 8, 26, 29, 34, 41, 59, and 66 are not mere abstractions directed solely to a mathematical algorithm and are each directed to statutory subject matter. Additionally, claims 2, 27, 25, and 60 depend from one of the independent claims cited immediately above and are patent-eligible for at least the same reasons. Since Applicants have shown that these claims are patent-eligible, Applicants respectfully request the Examiner reconsider and remove the rejection under 35 U.S.C. §101 with reference to claims 1-2, 8, 26-27, 29, 34-35, 41, 59-60, and 66.

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<sup>2</sup> The *Office Action* indicates claim 62 was rejected under 35 U.S.C. §101. However, other rejections contained therein refer to independent claim 66. Further, claim 66 (and not claim 62, which remains withdrawn) was just reentered by the Examiner for prosecution in this *Office Action*. Further, since claim 62 is a dependent claim and claim 66 is an independent claim, Applicants assume that claim 62 was merely a typographical error and the rejection was intended to be directed to claim 66. However, if claim 62 is reentered for prosecution as well, the same arguments and reasoning applies with even greater force to claim 62 since it is a dependent claim.

Rejection of the Claims under 35 U.S.C. §112

On page 6 of the *Office Action*, the Examiner rejected claims 1, 2, 8, 26, 27, 29, 34, 35, 41, 59, 60, and 66<sup>3</sup> under 35 U.S.C. § 112, second paragraph, as being indefinite. Specifically, the Examiner stated that,

The examiner is unable to ascertain the association between the proxy bid and reserve price and the information that is being exchanged or published. [I].e., a determination is made in regards to some particular data sets and then random data concerning a proxy bid information and a reserve price information is then published. There is no correlation between the published data and the determining step. (*Office Action* at 6.)

In response, Applicants believe this matter has been fully addressed by the amendments made to each of the independent claims and the discussion, above, with reference to the rejections under 35 U.S.C. §101. Since Applicants believe the claims as amended are not indefinite, Applicants respectfully request the Examiner reconsider and remove the rejection under 35 U.S.C. §112 with reference to claims 1, 2, 8, 26, 27, 29, 34, 35, 41, 59, 60, and 66. However, if the Examiner believes the rejection under 35 U.S.C. §112 should be maintained despite these amendments, Applicants respectfully request the Examiner to contact the undersigned attorney prior to such a rejection being put forth in a subsequent *Office Action*.

Also on page 6 of the *Office Action*, the Examiner rejected claims 26 and 29 under 35 U.S.C. §112 “because they try to claim a signal.” Specifically, the Examiner stated that,

These claims indicate that there are means for accomplishing the tasks. The specification indicated that ***a machine readable medium may contain a signal***. The specification does not specifically state that in all embodiments that ***the medium is executed on a process*** therefore the means statements may be software per se. (*Office Action* at 6, emphasis added.)

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<sup>3</sup> The *Office Action* indicates claim 62 was rejected under 35 U.S.C. §112. However, other rejections contained therein refer to independent claim 66. Further, claim 66 (and not claim 62, which remains withdrawn) was just reentered by the Examiner for prosecution in this *Office Action*. Further, since claim 62 is a dependent claim and claim 66 is an independent claim, Applicants assume that claim 62 was merely a typographical error and the rejection was intended to be directed to claim 66. However, if claim 62 is reentered for prosecution as well, the same arguments and reasoning applies with even greater force to claim 62 since it is a dependent claim.

However, Applicants are perplexed by this rejection. Neither claims 26 nor 29 are machine-readable medium-type claims. Only independent claims 34 and 41 are directed to a machine or computer-readable medium.

Assuming the Examiner meant to direct this rejection to claims 34 and 41, Applicants have amended claims 34 and 41 to each recite, *inter alia*, “A computer-readable storage medium storing an instruction.” Any instruction ***capable of being stored*** in a “computer -readable storage medium” cannot be considered a transitory propagating signal (*see In re Nuijten*), such as a carrier wave signal. Thus, Applicants have effectively limited claims 34 and 41 to exclude a carrier wave signal. Applicants therefore respectfully request the Examiner remove the rejection of claims 34 and 41 under 35 U.S.C. § 112. However, if Applicants have misinterpreted the rejection, the Examiner is respectfully invited to contact the undersigned attorney to discuss the matter.

*Rejection of the Claims under 35 U.S.C. §102(b)*

On page 7 of the *Office Action*, the Examiner rejected claims 1, 2, 8, 26, 27, 29, 34, 35, 41, 59, 60, and 66<sup>4</sup> under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent No. 7,461,022 to Churchill et al. (*Churchill*). Since a *prima facie* case of anticipation has not been properly established, Applicants respectfully traverse the rejection.

In order to anticipate a claim, a reference must teach all limitations, arranged or combined in the same way as recited in Applicants’ claim. The Court of Appeals for the Federal Circuit recently held

[U]nless a reference discloses within the four corners of the document not only all of the limitations claimed but also ***all of the limitations arranged or combined in the same way as recited in the claim***, it cannot be said to prove prior invention of the thing claimed and, thus, cannot anticipate under 35 U.S.C. § 102.” (*Net*

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<sup>4</sup> The *Office Action* indicates claim 62 was rejected under 35 U.S.C. §102. However, other rejections contained therein refer to independent claim 66. Further, claim 66 (and not claim 62, which remains withdrawn) was just reentered by the Examiner for prosecution in this *Office Action*. Further, since claim 62 is a dependent claim and claim 66 is an independent claim, Applicants assume that claim 62 was merely a typographical error and the rejection was intended to be directed to claim 66. However, if claim 62 is reentered for prosecution as well, the same arguments and reasoning applies with even greater force to claim 62 since it is a dependent claim.

*MoneyIn, Inc. v. Verisign, Inc.*, No. 2007-1565 at 17. (Fed. Cir. Oct. 20, 2008.) Emphasis added.)

Because *Churchill* fails to disclose all limitations of independent claims 1, 8, 26, 29, 34, 41, 59, and 66, these claims are not anticipated, and are thus novel.

In particular, amended independent claim 1 recites, *inter alia*,

[A]n auction price-setting process executed from the memory by the processor to **determine that a high proxy bid submitted by a buyer for an item is less than a reserve price set by a seller** for the item and, in response, cause the processor to **automatically publish**, to at least the buyer or the seller, **at least one of a proxy bid information, including the high proxy bid, and the reserve price**, the proxy bid information and the reserve price being associated with a listing for an the item during an auction price-setting process. (Emphasis added.)

Each of Applicants' other independent claims, namely claims 8, 26, 29, 34, 41, 59, and 66, share similar types of limitations with claim 1.<sup>5</sup>

In contrast to Applicants' claimed elements, *Churchill* merely discusses a concept of an automated bidder whereby the bidder in "[a]nother embodiment of the present invention provides for the automated bidder or some aspect of bidding by proxy."<sup>6</sup> *Churchill* further discusses a concept of an automated buyer whereby the buyer in "[a]nother embodiment of the present invention provides for the automated seller or some aspect of selling by proxy."<sup>7</sup> These quotations from *Churchill* are the two only times the word "proxy" appears anywhere within the specification of *Churchill*. However, at no point does *Churchill* disclose or even hint at either publishing or exchanging information regarding at least one of a proxy bid information, including the high proxy bid, and the reserve price. *Churchill* is completely silent on point. Since *Churchill* fails to disclose these elements, *Churchill* cannot anticipate Applicants' independent claims.

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<sup>5</sup> Note that some independent claims recite a limitation of "exchang[ing] between the buyer and the seller at least one of a proxy bid information, including the high proxy bid, of the buyer and a reserve price information of the seller" as compared to the "publishing" language of other ones of the independent claims.

<sup>6</sup> *Churchill* at col. 44, lines 49-51.

<sup>7</sup> *Churchill* at col. 49, lines 31-32.

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Applicants have shown that not all the claimed elements were known as required by the *Net MoneyIn* court. Applicants therefore respectfully request the Examiner to reconsider and withdraw the rejection under 35 U.S.C. §102(b) with regard to independent claims 1, 8, 26, 29, 34, 41, 59, and 66.

Further, since claims 2, 27, 35, and 60 depend either directly or indirectly from one of the independent claims just discussed, these dependent claims are also allowable for at least the same reasons as the independent claims from which they depend. Further these dependent claims each may contain additional patentable subject matter.



### CONCLUSION

Applicants respectfully submit that the claims are in condition for allowance, and notification to that effect is earnestly requested. The Examiner is invited to telephone the undersigned representative at (408) 660-2015 to facilitate prosecution of this application.

If necessary, please charge any additional fees or deficiencies, or credit any overpayments to Deposit Account No. 19-0743.

Respectfully submitted,

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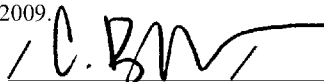
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Chris Bartl

Name



Signature